

# Presentation to the CT Statewide Primary Care Access Authority

## HEALTHCARE\_UNCOVERED

The Cash Market in Healthcare

June 24, 2009

Healthcare\_Uncovered

CREATING SOLUTIONS FOR THE PATIENT PORTION OF MEDICAL COSTS

CRITERION VENTURES

# AGENDA

- I. The Promise of Healthcare\_Uncovered
- II. Understanding the Problem
- III. US Healthcare Market: Really Two Markets
- IV. The Effects of a Poorly Formed Market
- V. Our Approach
- VI. Building a Cash Network
- VII. How the Card Works
- VIII. Cash Market Network
- IX. Impact

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# I. THE PROMISE OF HEALTHCARE\_UNCOVERED

As Healthcare\_Uncovered organizes a community...

- Δ Prices will go down
- Δ Patients will have greater access to care
- Δ Transactions between providers, patients and other payers will be more efficient
- Δ New kinds of innovation will have a platform to build upon

Here's how.....

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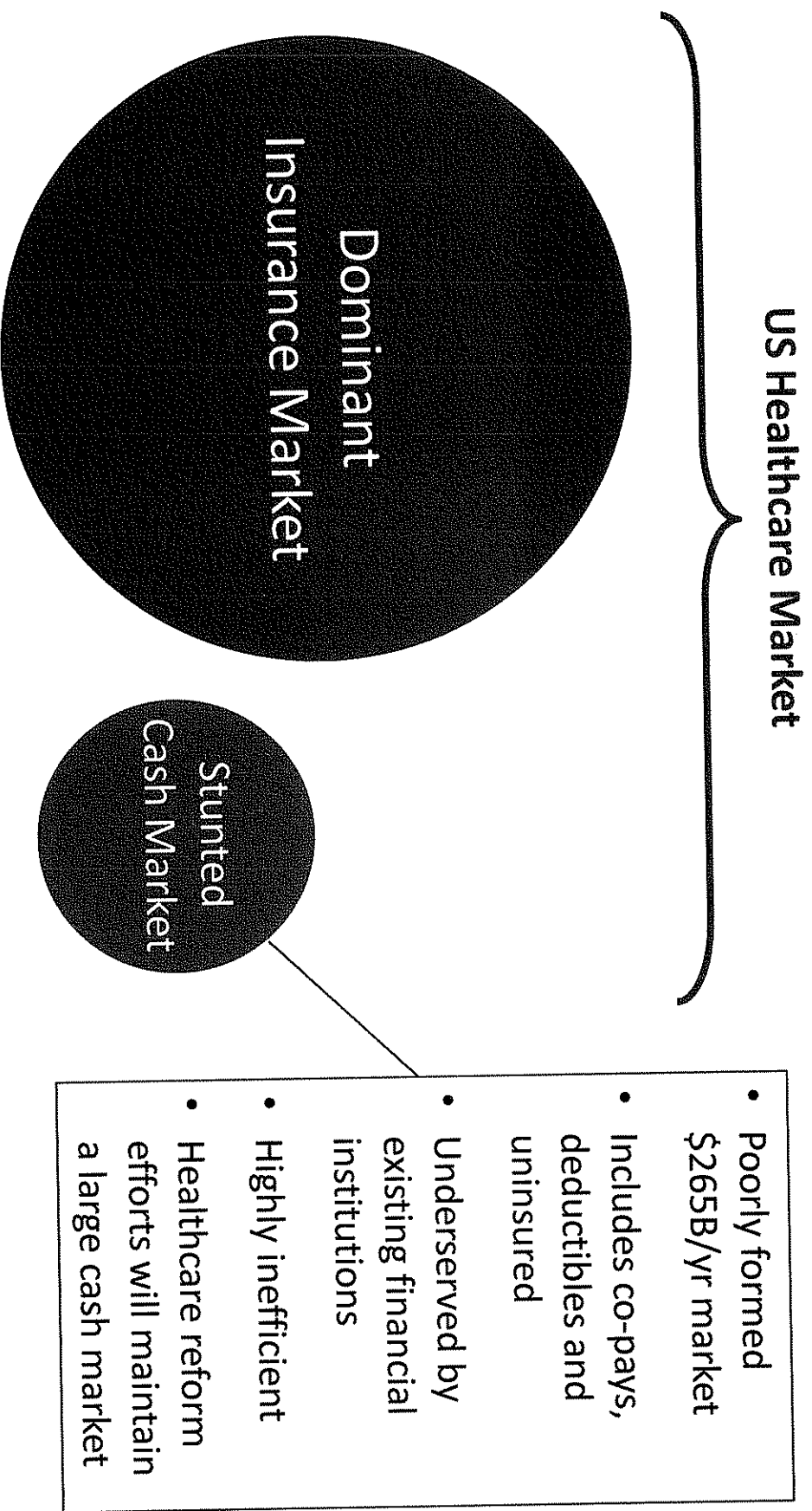
## II. UNDERSTANDING THE PROBLEM

Current efforts to improve healthcare are focused closing on the gap  
between public programs and private insurance



Closing the gap is important, but insufficient. Problems are caused by deductibles, co-pays, and uncovered expenses as well as from a lack of insurance.

### III. US HEALTHCARE MARKET: REALLY TWO MARKETS



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## IV. THE EFFECTS OF A POORLY FORMED MARKET

### Poorly Formed Markets

- Δ High and erratic prices
- Δ Lack of transparency
- Δ Inefficient payment systems
- Δ Inappropriate and expensive financing
- Δ Lack of buyer-seller trust
- Δ Little innovation
- Δ Weak attraction of workers

### Well Formed Markets

- Δ Lower, consistent pricing
- Δ Transparency
- Δ Efficient payment systems
- Δ Appropriate and reasonable financing
- Δ Predictable buyer-seller behavior
- Δ Innovation can flourish
- Δ Workers attracted and retained

## V. OUR APPROACH: THEORY OF CHANGE

1. Because healthcare is local we must work locally
2. Because the cash payments in healthcare are fragmented we must organize the whole community
3. Because isolated cash paying patients lack power we must work within affinity groups (employers, unions, church groups, etc.)
4. Because opaque prices and payments systems create confusion and distrust we must prioritize transparency
5. Because of the time-value of money, cash can and should have a greater leverage within the system

## V. OUR APPROACH: CURRENT FOCUS

1. National Market Formation
  - Policy engagement
  - Publishing
  - Thought leader strategy
2. Community Organizing
  - Current communities: Memphis, Detroit, Alameda County
  - Community mapping
- Product Strategy
  - Rules engine
  - Additional offerings on platform

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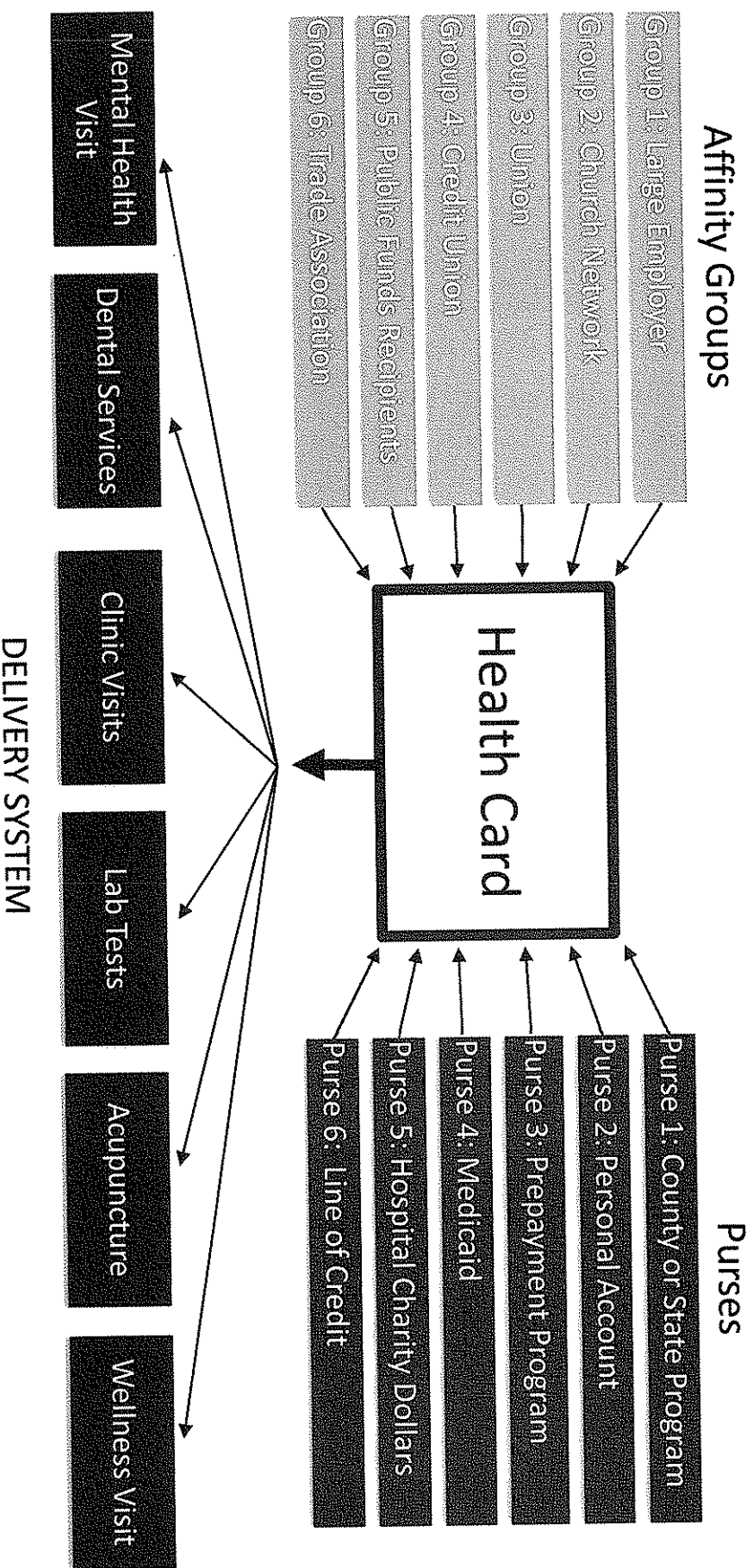
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# VI. BUILDING THE CASH MARKET

Community organizing to set up purses and identify affinity groups for the health card



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## VII. HOW THE CARD WORKS

### Rules Engine:

Determines price and who pays for given services and patient

#### Negotiated Fees Schedule

- Ties into existing preferred provider networks for the insured and offers fee schedules for uninsured or out-of-network treatments

#### Instant Adjudication

- Instant clarity for patient and provider on service cost, who is responsible for payment and money available in existing accounts while taking into account co-pays and deductibles

#### Electronic Payments

- Moves money from purses associated with patient to provider using ubiquitous Visa payment system

#### Room For Innovation

- Can add non-traditional benefits to the card

## VIII. MODEL COMMUNITY I

### County Health Department Takes the Lead

- Eligible population uses card to access benefits.
- Overcrowding in public system relieved by allowing population to use card at wide range of sites for negotiated fee schedule
- Cab fare on card creates options for transport other than ambulances

### Hospital System Works with County

- Hospital fund provides a bonus on top of county payments to urgent care providers operating after-hours thus relieving rush on emergency rooms

### Philanthropy Adds Unique Value

- Fund access to healthier choices for the target population. E.g. \$20/week that can be used at the farmer's market

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## VIII. MODEL COMMUNITY II

### Large Employer Uses Card

- Instant adjudication lowers costs/eases payments for providers
  - providers agree to lower fees
- Employer offers each employee \$300/year up front for anti-smoking and other wellness programs
- Line of credit put on card secured by employer dollars to reduce cost of credit

### Community Bank Offers the Card

- Uninsured members offered savings account specifically for health expenses, designed to attract traditionally “unbanked” populations
- Providers agree to allow uninsured in the community to use employers negotiated fee schedule plus 10% if they pay on the spot

### Primary Care Offerings Expand

- Providers respond to market opportunity by expanding primary care offerings as payments become faster, easier and more predictable
- Health professionals are attracted to the primary care fields as practices become more sustainable

## IX. IMPACT

### PATIENTS

Lower, negotiated prices

Organized access to existing pots of money, including a personal savings account and appropriate debt financing

Access to more providers

Price transparency and the ability to plan

### PROVIDERS

Transparency – instantly know who owes what portions of the bill

Ease of payment – collection of patient portion, currently the most difficult money, can happen on the spot

Access to more patients – formerly out of network and uninsured patients can come with a means to handle payments

### PAYERS

Electronic transfer reduces paperwork, speeds processing

Reduced default rate of co-pays and deductibles allows large payers to negotiate for better pricing in fee schedules

Ability to add new, non-traditional goods and services, like wellness programs, complementary medicine, etc.

### SYSTEM

Innovation in the delivery of healthcare and related services

Increased availability and diversity of services within the cash market

Responsive financial mechanisms for the payment of healthcare services

Increased value of the cash dollar in healthcare

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